

PORTOLA VALLEY TOWN COUNCIL SPECIAL MEETING NO. 842 JUNE 20, 2012

Mayor Derwin called the meeting to order at 7:30 p.m. and led the Pledge of Allegiance. Ms. Hanlon called the roll.

Present: Councilmembers Jeff Aalfs, Ted Driscoll and Ann Wengert; Mayor Maryann Derwin

Absent: Vice Mayor John Richards

Others: Nick Pegueros, Town Manager
Sharon Hanlon, Town Clerk
Stacie Nerdahl, Acting Administrative Services Director
Howard Young, Public Works Director
Tom Vlasic, Town Planner
Sandy Sloan, Town Attorney

ORAL COMMUNICATIONS

Historic Resources Committee Chair Nancy Lund reported that she and Committee member Jeannette Fowler attended a Midpeninsula Regional Open Space District (MROSD) meeting on May 25, 2012, during which a two-hour discussion focused on the historic *Hawthorns* estate complex, which is located on a 78.71-acre property near the Windy Hill Open Space Preserve that has been gifted to MROSD. Overwhelmed by the time-consuming and costly work of maintaining the property, taking fire-protection measures and guarding against vandalism, Ms. Lund said that MROSD fears that looking after this historic complex will divert staff from its mission of protecting open space. The organization expects that half of the \$2 million that came with the property will have been spent by the end of FY 2012-2013.

CONSENT AGENDA [7:37 p.m.]

- (1) Approval of Minutes: Regular Town Council Meeting of May 23, 2012 [*removed from Consent Agenda*]
- (2) Approval of Minutes: Special Town Council Meeting of May 30, 2012 [*removed from Consent Agenda*]
- (3) Ratification of Warrant List: June 13, 2012 in the amount of \$296,281.59
- (4) Recommendation by Acting Administrative Services Director: Alpine Beer Garden Lease Renewal [*removed from Consent Agenda*]
 - (a) Adoption of a Resolution of the Town Council of the Town of Portola Valley Approving a Lease with Alpine Beer Garden, Inc. (Resolution No. __)

By motion of Councilmember Wengert, seconded by Councilmember Driscoll, the Council approved Item 3 on the Consent Agenda with the following roll call vote:

Aye: Councilmember Aalfs, Driscoll, Wengert, Mayor Derwin

No: None

- (1) Approval of Minutes: Regular Town Council Meeting of May 23, 2012

Councilmember Aalfs moved to approve the minutes, as amended, of the Regular Town Council Meeting of May 23, 2012. Seconded by Councilmember Driscoll, the motion carried 4-0.

(2) Approval of Minutes: Special Town Council Meeting of May 30, 2012

Councilmember Driscoll moved to approve the minutes of the Regular Town Council Meeting of May 30, 2012. Seconded by Councilmember Aalfs, the motion carried 3-0-1 (Wengert abstained).

(4) Recommendation by Acting Administrative Services Director: Alpine Beer Garden Lease Renewal

- (a) Adoption of a Resolution of the Town Council of the Town of Portola Valley Approving a Lease with Alpine Beer Garden, Inc. (Resolution No. __)

Councilmember Wengert said she'd like to know more about the property's rental history and the parcel size. Ms. Sloan said she didn't have much information beyond what appears in the staff report, but she believed when the Town started leasing to Mollie Alexander it was of value for parking for her. Councilmember Driscoll said the tenant also provides access to parking for Rossotti Field. Ms. Sloan indicated that the lease could convert to a month-to-month status when the two-year term expires while staff investigates the situation further. Mr. Vlastic suggested a lease term of one year, so the use permit effort could go forward. Ms. Sloan suggested continuing the item to a date uncertain while she revises the lease to one year and Mr. Vlastic and Councilmember Wengert can take it to Ms. Alexander, meet with her and explain the situation.

Driscoll moved to approve the minutes of the Regular Town Council Meeting of May 30, 2012. Seconded by Councilmember Aalfs, the motion carried 3-0-1 (Wengert abstained).

REGULAR AGENDA [7:53 p.m.]

(5) Public Hearing: Proposed Amendments to Site Development and Zoning Ordinances to Adjust Permit Appeals Periods and Time Limits

- (a) First Reading of Title, Waive Further Reading, and Introduce an Ordinance of the Town Council of the Town of Portola Valley Amending Title 15 [Buildings and Construction] and Title 18 [Zoning] of the Portola Valley Municipal Code to Adjust Permit Appeals Periods and Time Limits (Ordinance __)

Mr. Vlastic referred to the May 10, 2012 staff report, which describes the updates to the appeals provisions and alignment of time limits associated with typical applications. He said that the Planning Commission made only minor revisions to the wording in its review and there's been no public input.

With no preliminary comments or questions from Councilmembers, Mayor Derwin opened the public hearing.

Virginia Bacon, Golden Oak Drive, asked whether "days" means business days. Ms. Sloan said no, that they're calendar days, and she'd be reluctant to add the word "calendar" because the code contains references to days in many, many places that would also have to be changed. Ms. Bacon said the language should address how to deal with holidays, weekends and other days when staff is not available. Mr. Vlastic said holidays typically have never presented a problem in terms of the timeframe on appeals. Ms. Sloan agreed, adding that if the last day of an appeal period were to fall on a weekend or a holiday, the expiration would roll over to the next day, the same as it does with the courts. As another example, Councilmember Wengert indicated that this year tax day rolled over to April 16, because April 15 fell on a Sunday. Mr. Vlastic said that the convention could be spelled out as part of the procedure for staff members who work the counter.

No other speakers came forward, so Mayor Derwin closed the public hearing and brought the discussion back to the Council.

Councilmember Driscoll moved adoption of the First Reading of Title, Waive Further Reading, and Introduce an Ordinance of the Town Council of the Town of Portola Valley Amending Title 15 [Buildings and Construction] and Title 18 [Zoning] of the Portola Valley Municipal Code to Adjust Permit Appeals Periods and Time Limits. Seconded by Councilmember Wengert, the motion carried 4-0.

(6) Presentation by Town Manager: Review Proposed 2012-2013 Budget [8:01 p.m.]

Mr. Pegueros said that the draft budget went to the Finance Committee on June 5, 2012, which recommended the Council consider approval. After a presentation covering major changes and assumptions by Ms. Nerdahl, he said he'd wrap up with some high-level charts to bring the elements together.

Ms. Nerdahl explained that as in the past few years, the Town Center construction and the Dwight Crowder (C-1) Trail project had significant effects on the Town budget, and this year, it's the Ford Field renovation project. She went on to cover several highlights in the draft budget.

She said that General Fund revenues are projected to increase by 19%, due primarily to new fee schedules. Other revenue includes contributions from Ford Field fundraising and from Stanford for ongoing trail enhancements, as well as tax increases (3% in sales tax and 4.5% in property taxes).

As for expenditures, Ms. Nerdahl noted that the FY 2012-2013 budget reflects a slight decrease for park and field maintenance because the Ford Field renovation obviates the need for maintenance and because Recreation Facilities Coordinator Tony Macias has adopted a more routine staff-intensive maintenance program that minimizes the need for larger expenditures. In FY 2012-2013, Ms. Nerdahl added, the General Fund will pick up more of the tab for additional traffic patrols – approximately \$150,000.

Due to Leslie Lambert's unanticipated retirement, total employee compensation in FY 2012-2013 is proposed to decrease by 0.3% (versus the increase of by \$62,009, shown in the report).

Referring to the revenues summary table (page 4), Ms. Nerdahl noted increases from FY 2011-2012 in:

- Government Agency sources (up 35.29%), primarily due to the Ford Field grants.
- Permits & Fees (up 17.81%), from the new building permit fee structure.
- Other Revenues (up 253.88%), primarily in donations for the Ford Field renovation and also from Stanford for Dwight Crowder Trail enhancements.
- Parks & Recreation (up 74.19%), from restoring Blues & BBQ.

The 78.82% decrease in Service Charges is due to the absence of the C1 Trail.

On the expenditures side (page 20), Ms. Nerdahl highlighted:

- Commissions & Committees, an increase of 30.31% primarily resulting from the formation of the new Bicycle, Pedestrian and Traffic Committee and the Blues & BBQ event's return.
- Parks Operations, a 5.24% decrease due primarily to the absence of Ford Field maintenance expenses.
- Public Works & Operations, a 21.4% increase with the addition of a \$20,000 line item related to invasive plants.

- The Capital Improvement Program (CIP) budget includes \$67,500 for equipment requested by the Emergency Preparedness Committee for portable emergency radio transmitters.

Councilmember Wengert commented that it was good to see the increase in property taxes, because it's such an important component of the budget. However, observing that the flip side is the "catastrophically large" and unsustainable increase the Town is facing in terms of benefits and pension coverage, she asked about the Finance Committee's reaction in that respect. Mr. Pegueros said the Finance Committee offered no specific comments, but staff will meet with the Finance Committee late in July 2012 to discuss this issue so that it could come back to the Council in August 2012 – because any changes to healthcare benefits should be introduced during the next open enrollment period, which is in mid-September 2012. He said that from his experience, some structural changes to the benefit structure might offer win-win ways to deal with this, benefiting the employer and employee alike. He said that Item 7 on tonight's agenda would offer an option about buying down the CalPERS obligation.

Councilmember Driscoll asked whether the Town has engaged an outside employment contractor for the Planning Department Manager position. Mr. Pegueros said that the Interim Planning Department Manager has been identified, and the Council will be presented a contract to consider next week. He expects Town staff to begin recruiting for the permanent position in October 2012.

Councilmember Wengert said she'd like to see percentage changes between projected FY 2011-2012 totals and proposed FY 2012-2013 amounts. She also noted that because the Planning Department Manager would likely take on some duties now covered by the Town Planner and Principal Planner (both of whom are Spangler Associates employees), she expected to see a reduction on the consultant budget commensurate with the increase on the salary expense side. Mr. Pegueros said that his primary objective is to identify the right person, with the hope that over time that choice translates into savings in consultant hours, and that it probably will be more feasible to project the savings when the budget for FY 2013-2014 is prepared. He also pointed out that the consultants' budget is tied to a work plan that's been reviewed by the Planning Commission, and because that will come to the Council for review in July 2012, the Council will have an opportunity to tweak the work plan if it so chooses.

Councilmember Wengert noted the discrepancy between the \$10,000 budgeted for the Town Geologist for FY 2011-2012 and the \$2,000 projected.

Councilmember Driscoll asked where to find information about the investment performance of the Town's stock investment. Mr. Pegueros pointed out that the budget shows only what the Council has available, with the beginning balance of \$2.755 million, less a \$173,000 non-spendable fund balance, of which the stock comprises about \$83,000.

When Councilmember Aalfs pointed out that the budget is proposed on the assumption that the Ford Field project goes forward as planned, Mr. Pegueros explained that – also depending on the Council's decision on the budget proposed – an amendment would delete revenues and expenditures equally if the Ford Field renovation does not proceed.

Ms. Bacon raised the issue of improving safety along the Portola Road Corridor, particularly in the junction area with Triangle Park, saying that she served on a committee chaired by Erica Hughes that tried to deal with safety problems there. She said no improvements have been made there, either in terms of Americans with Disabilities Act (ADA) compliance or on other safety matters. She suggested there's a problem with priorities if the Town doesn't address what needs to be accomplished, particularly in light of the Town's obligation to share gap funding for Ford Field renovations if insufficient funds are raised and in light of recent developments in the Portola Valley School District. Ms. Bacon also pointed out that the Dwight Crowder Trail doesn't just stop at Arastradero Road; within about 100 feet, the path drops sharply off into a culvert from Golden Oak Drive that goes under the road, directing confluent from the hillside into Los Trancos Creek. She said that at least a railing would help prevent accidents.

When Mayor Derwin asked about the status of Triangle Park, Mr. Pegueros said he didn't have an answer off the top of his head, but part of the work was required of the prior property owner, who had indicated not having funds the last time the Town communicated with him.

(7) Recommendation by Town Manager: Authorization to Pay Off CalPERS Side Fund [8:30 p.m.]

- (a) Adoption of a Resolution of the Town Council of the Town of Portola Valley Authorizing Payment to the California Public Employee Retirement System in the Amount of \$319,066 to Pay Off the Town of Portola Valley's Side Fund Liability (Resolution __)

Mr. Pegueros, recapping the circumstances behind this issue, explained that as of June 30, 2003, CalPERS had made a structural change that required agencies with fewer than 100 employees be fully funded and join risk pools, similar to insurance risk pools, to help avoid large spikes in pension contributions from year to year. CalPERS gave jurisdictions the option to amortize funding liabilities over 15 years. At the time, the rate was 7.75% and now it's 7.5%. The Town has the option of paying off this liability, which would reduce its annual pension costs by about \$52,000 and save about \$100,000 in interest charges that would accrue over the remaining seven years of the amortization period.

Mr. Pegueros said the Council should be particularly sensitive to two issues:

- Whether the Town will need the \$319,000 cash and consider paying off the balance next year instead.
- Even though it isn't likely in the imminent future, the possibility of interest rates increasing before the amortization period ends. The Town's investment portfolio currently earns 0.4%, and to break even would require being close to the 7.5% discount rate.

Mayor Derwin noted that Mr. Pegueros's staff report of June 20, 2012, contains a further recommendation to commit the \$53,000 savings each year to the creation of a Pension Contingency Reserve. Mr. Pegueros explained that setting these savings aside each year would help ensure the Town has resources available if 1) Governmental Accounting Standards Board (GASB) changes pension accounting rules within the next few years to require showing a portion of that liability on the Town's financial statements or 2) CalPERS increases its funding ratio. He indicated that the \$558,000 appearing in the staff report as the risk pool's unfunded pension liability is a two-year-old figure (the most current provided by CalPERS).

Recalling the Council's action of July 27, 2011 to establish a policy requiring the Town to maintain a minimum of 60% of its annual budgeted operating expenditures within the General Fund's unrestricted fund balance, Councilmember Driscoll asked about the effect of withdrawing \$319,000 to pay off the CalPERS Side Fund. Councilmember Wengert said that the General Fund's Reserve's would remain above the 60% minimum specified.

Councilmember Wengert, who pointed out that the unfunded pension liabilities will be a massive problem, and with CalPERS' underwriting assumptions "hugely over-optimistic," the gap will worsen rapidly. She said anything the Town can do to get ahead of the curve would be wise.

Mr. Pegueros said that the unfunded liabilities will hit all public agencies hard, and the smaller ones – such as Portola Valley – are well-positioned to deal with it, particularly if the Council decides to establish the reserve recommended.

Councilmember Aalfs moved adoption of a Resolution of the Town Council of the Town of Portola Valley authorizing \$319,066 payment to CalPERS to pay off the Town's Side Fund Liability (Resolution 2556-2012). Seconded by Councilmember Driscoll, the motion carried 4-0.

Councilmember Wengert moved to commit the \$53,000 savings each year from the early payoff of the CalPERS Side Fund liability to a Pension Contingency Reserve. Seconded by Councilmember Driscoll, the motion carried 4-0.

Mr. Pegueros indicated that the Council action would materially change the numbers presented at its meeting on June 27, 2012, primarily in decreasing pension expenses.

COUNCIL, STAFF, COMMITTEE REPORTS AND RECOMMENDATIONS

- (8) Appointment by Mayor: Request for Appointment of member to the Parks & Recreation Committee [8:41 p.m.]

Mr. Pegueros said that per a letter from Parks and Recreation Committee Chair Jon Myers, the Committee unanimously approved the application of Simone LaValle to join the Committee.

Councilmember Driscoll moved concurrence with the Mayor's appointment of Ms. LaValle to the Parks and Recreation Committee. Seconded by Councilmember Wengert, the motion carried 4-0.

- (9) Reports from Commission and Committee Liaisons [8:42 p.m.]

Councilmember Wengert:

- (a) Bicycle, Pedestrian and Traffic Safety Committee

New Police Commissioner Gary Nielsen attended the Committee meeting on June 6, 2012, during which members discussed a number of items, including some subcommittee-generated recommendations to improve safety at various places that Councilmember Wengert expects to come before the Council. Discussion items included:

- Signage along Portola Road relative to the overflow parking issue on Windy Hill, based on Committee members working with the Public Works Director.
- Stepped-up enforcement to reduce speeding at Arastradero and Alpine Roads.
- Mitigation measures at The Priory, where trail crossings at the start and end of the school day are problematic.
- Safe Routes to School recommendations.

Councilmember Wengert also indicated that the Committee had taken an informal poll, revealing that members are divided in their preferences among bike lanes versus wider sections of roadways in problem areas.

- (b) SFO Airport/Community Roundtable

Meeting on June 6, 2012, participants talked about the previous weekend, when overflight noise was exacerbated by unusually windy conditions and a runway closure mandated by the Federal Aviation Administration as it upgrades its systems. Apparently this upgrade project will continue for some time, and participants were eager to get information in hand to let residents know what's happening.

Presented with three months' worth of data collected from overflight activity monitors installed on Jean Lane's property, participants asked for the data to be interpreted so

they can understand what it means. Follow-up is anticipated at either September or October 2012 meetings.

Councilmember Wengert said that Mr. Pegueros also attended the meeting.

(c) Parks and Recreation Committee

Meeting on June 6, 2012, members discussed:

- The Ford Field renovation, including the fact that the bids came in at least \$100,000 higher than anticipated.
- The Zots to Tots run, which seems to be evolving into a children's bike race.

Councilmember Wengert reported telling the Committee that Police Commissioner Nielsen should be involved next year to help address the problems this change poses. Councilmember Driscoll noted that it may be difficult to separate participants on foot from those on bikes inasmuch as children often ride bikes with a parent running alongside with them.

Councilmember Driscoll:

- Made an addendum to Councilmember Wengert's report on the Bicycle, Pedestrian and Traffic Safety Committee, reporting that he has received emails from Chair Steve Marra about how committee chairs most efficiently communicate with the Council. He said that Mr. Marra also is trying to organize a meeting of all committee chairs.
- Said that he missed the Trails and Paths Committee June 12, 2012 meeting.
- Pointed out that two liaison assignments appeared incorrectly in the Town Council *Weekly Digest* of May 25, 2012. He and Vice Mayor Richards had traded liaison assignments, with Councilmember Driscoll now the Cable and Utilities Undergrounding Committee liaison and Vice Mayor Richards now the Conservation Committee liaison.

Councilmember Aalfs:

(d) Architectural and Site Control Commission (ASCC)

Meeting on June 11, 2012, ASCC conducted a field session at 274 Corte Madera Road to review a proposal for a new home – the first in a long time.

(e) Planning Commission

The agenda at the Planning Commission's June 6, 2012 included:

- A preliminary review of The Priory's revised Conditional Use Permit amendment application, which proposes artificial turf in a smaller area than previously envisioned – the infill area of an expanded athletic field and track.

With Commissioner McIntosh absent and Vice Chair Zaffaroni recusing herself, Councilmember Aalfs reported that none of the three Commissioners commenting on the proposal seemed supportive of the artificial turf, and Commissioner McKitterick inquired whether the Council might want to formulate a policy or position as regards artificial turf.

- An update on the Portola Road Corridor Task Force's work.

Mayor Derwin:

(f) Sustainability Committee

Meeting on June 18, 2012, the Sustainability Committee:

- Reviewed progress on the Regional Integrated Climate Action Planning Suite (RICAPS), the Climate Action Plan template and tool.
- Discussed parking policies that would increase walking, bicycling and the use of public transit, including conversation about the possibility of setting up a park-and-ride lot somewhere in Town.
- Talked about developing an online application process for carpooling to common destinations, such as Stanford.
- Reviewed the Acterra High Energy Home Program, Green Towns SunShares and the Tuesday Harvest Speaker Series.

Mayor Derwin noted that non-residential gas consumption is high in Portola Valley, with The Sequoias, The Priory and the Alpine Hills Tennis & Swimming Club among major users.

(g) City/County Association of Governments of San Mateo County (C/CAG)

The C/CAG Board spent most of its June 14, 2012 meeting on the adoption of its \$15 million budget, and also discussed legislation introduced by Assembly Member Jerry Hill (D-19th District) about gas pipeline safety.

(h) Resource Management and Climate Protection Committee (RMCP)

The June 7, 2012 meeting of the RMCP, a C/CAG subcommittee, featured several presentations, including:

- A Bay Area Water Supply and Conservation Agency (BAWSCA) representative discussing water use and conservation programs in San Mateo County. Overall, Mayor Derwin reported, the region has among the lowest per-capita water consumption rates in California.
- A representative from the office of California Senator Lois Wolk (D-5th District) speaking about SB 843, the Community-Based Renewable Energy Self-Generation bill.
- An update on San Mateo County Energy Watch Program Implementation Plan addendum to PG&E for the 2013-2014 contract transition period.

- A RICAPS progress report.

WRITTEN COMMUNICATIONS [9:04 p.m.]

(10) Town Council May 25, 2012 Weekly Digest – None

- (a) #5 – Memo from Leslie Lambert, Building/Planning Services Advisor – Update on Gourmet Food Truck Activity at Christ Church – May 26, 2012

Councilmember Driscoll said he has received considerable feedback from some local foodservice companies, pointing out that they pay rent and/or property taxes, and lose business to the food trucks. They claim their competitive disadvantage has been worse since the introduction of the gourmet food trucks, and want to be notified when the issue comes up for a hearing. Mr. Pegueros said a meeting with the church is scheduled for July 19, 2012.

(11) Town Council June 1, 2012 Weekly Digest – None

(12) Town Council June 8, 2012 Weekly Digest

- (a) #9 – Memo from Public Works Director Howard Young to the Town Council – Bid Opening Results for the Ford Field Renovation Project

Mr. Young said they're trying to identify the options. One possibility was to reject all bids, redesign some parts of the proposed project and go out for bids again. Another was to see what can be done with the grant portion of the funds and some of the contributions. In either case, another plan check would be needed, as well as negotiations with the current low bidder.

Councilmember Wengert asked if it would be too late to get the work completed this season if the Council's action is delayed until July 28, 2012. Mr. Pegueros said it wouldn't be a problem if a revised plan includes the structures and not the infield, and thus doesn't include sod.

- (b) #10 – Memo from Town Manager Nick Pegueros to Fire Chief Dan Ghiorso – High Fire Danger Signage – June 4, 2012

Commissioner Driscoll said the 18x24-inch signs requested are too small to attract the attention of people driving by; considering the fact that they're warning signs, he said they should be very apparent.

- (c) #11 – Memo from Town Manager Nick Pegueros to Town Staff – Required Emergency Preparedness Training – June 4, 2012

Councilmembers briefly discussed Emergency Preparedness Training issues.

(13) Town Council June 15, 2012 Weekly Digest

- (a) #6 – Email to Sharon Hanlon from Deidre Clark (regarding her resignation from the Cultural Arts Committee) – June 13, 2012

Councilmember Driscoll said he didn't understand Ms. Clark's point about remaining active in the organization if she is resigning.

- (b) #8 – Memo from Town Manager re: – Weekly Update – June 15, 2012

Mayor Derwin said she very much appreciates the new Weekly Update service that Mr. Pegueros has launched, and other members of the Council concurred.

CLOSED SESSION [9:20 p.m.]

- (14) Conference with Legal Counsel: Anticipated Litigation

Government Code Section 54956.9(b)
Significant Exposure to Litigation: one case

- (15) Conference with Real Property Negotiators

Government Code Section 54956.8
Properties: 900 Portola Road and Town-owned lots in Blue Oaks subdivision
Town negotiators: Town Attorney and Councilmember Wengert
Negotiating parties: Geoff and Colleen Tate
Under negotiation: price and terms of payment

REPORT OUT OF CLOSED SESSION

No reportable actions.

ADJOURNMENT [10:10 p.m.]

Mayor

Town Clerk